2006/2007 ANNUAL REPORT

MANITOBA PRODUCT STEWARDSHIP CORPORATION

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The Manitoba Product Stewardship Corporation (MPSC) was established on January 1, 1995. The MPSC's core mandate as described in Manitoba Regulation 39/95 is:

- **A.** to establish and administer a waste reduction and prevention (WRAP) program for designated materials for Manitoba consistent with the principles of sustainable development as set out in Section 1 of the Act;
- **B.** to provide for the effective, efficient and economical management of designated waste materials; and
- **C.** to administer the fund.

The Multi-Material WRAP Fund shall be used to provide or pay for any or all of the following:

- **A.** the establishment and administration of a waste reduction and prevention program for designated material;
- **B.** education programs for the purpose of the waste reduction and prevention program for designated material;
- **C.** expenditures incurred in the collection, transportation, storage, processing and disposal of designated material in connection with the waste reduction and prevention program;
- **D.** research and development activities related to the management of designated material;
- **E.** promotion and development of activities and economic instruments to encourage reduction and prevention of waste-designated material;
- **F.** the appropriate disposal of waste designated-material;
- **G.** salaries and other costs of the Board and the Fund;
- **H.** salaries and other costs of government for the administration and enforcement of the Act and this regulation as they relate to the responsibilities of the Board and the regulations respecting reduction and prevention of waste designated-material.

Want to know more about recycling in Manitoba communities or find out more about MPSC's business plans and programs?

Visit our Web site at www.mpsc.com

MPSC Chair's Message

Over $ 7.8 million paid directly to Manitoba communities to support their local recycling programs (an increase of $452,699 or 6% from the previous year).

The Manitoba Product Stewardship Corporation has concluded another successful year in supporting municipal recycling programs and activities in Manitoba in 2006/2007. As Chair of the MPSC, I can point with pride to the following accomplishments:

- Manitobans have continued to recycle more of their household packaging and printed material every year since 1995.
- Over $ 7.8 million paid directly to Manitoba communities to support their local recycling programs (an increase of $452,699 or 6% from the previous year).

MPSC is in transition and was advised in 2006 that based on proposed regulations and developed guidelines, MPSC will be replaced by an Industry Funding Organization (IFO) sometime in 2008. The MPSC current business plan cycle ended March 31, 2007 and MPSC normally would have produced and submitted a three year business plan to the Minister of Conservation for approval. But based on proposed timelines for transition to an IFO, MPSC has produced a one year business plan. As a result of the pending changes MPSC has curtailed many activities and now focuses on municipal recycling programming, cost tracking and preparing for closure/transition.

While this is an uncertain time, the staff of MPSC continues to operate our business in the professional and cost effective manner that has become a hallmark of the organization.

MPSC is providing technical support as requested to assist in the future evolution of expanded product stewardship in Manitoba.

John Clarkson,

Chair

Message du président de la CMGPD

En 2006-2007, la Corporation manitobaine de gestion des produits désignés (CMGPD) a connu un autre exercice couronné de succès dans le soutien aux programmes et aux activités de recyclage au Manitoba. À titre de président de la Corporation, je peux mentionner avec fierté les réalisations suivantes au cours de l'exercice 2006-2007 :

- les Manitobains ont continué d'accroître le recyclage des emballages domestiques et des documents imprimés chaque année depuis 1995;
- un montant de plus de 7,8 millions de dollars a été versé directement aux collectivités manitobaines pour soutenir leurs programmes de recyclage locaux, soit une hausse de 452 699 $ ou de 6 % par rapport à l'exercice antérieur.

La Corporation traverse une période de transition. On lui a indiqué en 2006 qu'en raison des règlements proposés et des lignes directrices élaborées, elle sera remplacée par un organisme de financement industriel (OFI) au cours de 2008. Le cycle actuel du plan d'activités de la Corporation s'est terminé le 31 mars 2007 et cette dernière aurait normalement produit et soumis un plan d'activités triennal à l'approbation du ministre de la Conservation. Toutefois, étant donné les délais proposés de la transition vers un OFI, la Corporation a élaboré un plan d'activités d'un an. En raison des modifications à venir, la Corporation a mis un frein à de nombreuses activités et se concentre désormais sur les programmes de recyclage municipaux, le suivi des coûts et la préparation à la fermeture de l'organisme.

Bien que nous traversions une période d'incertitude, le personnel de la Corporation continue d'exercer ses fonctions de la manière professionnelle et rentable qui est devenue une caractéristique importante de notre organisme.

La Corporation offre un soutien technique qui participe à l'évolution et à l'expansion futures de la gestion des produits désignés au Manitoba.

John Clarkson

Président

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General Manager's Message

The past twelve years has seen unprecedented and unimagined growth in community recycling programming.

On March 31, 2007, we closed the books on the twelfth year of operation. The 2006/2007 fiscal year was not without challenges for MPSC and our stakeholders. The market values for recyclables have been described as topsy-turvy. Some programs took a step backward and others took a step forward. Challenges were particularly evident in the Parkland area, but we expect a rebound in fiscal 2007/2008. Programming and recovery increased in most regions of the province. Recycling is entrenched in the minds of Manitobans, and no matter what, they want their recycling programs and they participate enthusiastically.

Recycling in Manitoba has significant economical benefits:

- job creation (private and non-profit) and skills and knowledge development;
- infrastructure expansion, procurement of goods and services (fuel, trucks, equipment, and taxes);
- value from the sale of recyclables and landfill avoidance benefits.

Environmental benefits include extending the life of existing landfills and saving costs in the development and sighting of new landfills.

Manufacturers save energy and enjoy reduced raw material costs by utilizing a consistent supply of recyclables.

Municipal Residential Recycling

During fiscal year 2006/2007 recovery of eligible materials totalled 64,766 metric tonnes of recyclables collected for recycling or re-use and MPSC paid Manitoba municipalities over $ 7.8 million in direct recycling support payments (an increase of 6%). Provided there are no substantive changes to current programming, and with recycling maturing around the province, we expect growth to be normalized at single digit increases annually.

Other MPSC Programming

MPSC communicates with our varied stakeholders in many ways.

- Our corporate website *www.mpsc.com* is updated regularly with facts and reports.
- Newsletters are produced and distributed once or twice per year.
- A monthly bulletin is distributed via email to municipalities and recyclers.
- Recycled material fact sheets are updated and available for municipalities.
- Feedback regarding individual municipal recycling success is communicated through annual Community Recycling Report Cards.
- Workshops are held annually with presentations from MPSC as well as invited guests.
- Toll-free telephone assistance and on-site visits are available. And, press releases are sent out to keep news and events in the public eye.

Marketing and Technical Support

The tools, funding and technical support MPSC provides ensure that there is no reason that a community cannot have a cost-effective and successful recycling program. We provide one-on-one direct technical and marketing support through on-site visits, annual workshops, the development of technical bulletins and fact sheets. Cost monitoring work ensures we keep abreast of recycling cost trends. Revenue monitoring allows us to track the value of recyclables marketed.

Managing Financial Resources

As stated in the MPSC 2001/2002 Annual Report, we continue to draw down our reserve funds. MPSC has streamlined and eliminated support for other programming which ensures our core funding programs remain sustainable.

Where to from here?

In 2000/2001 we signalled that MPSC would start incurring annual operating losses. Continued growth in the amount of designated materials recycled or reused has created challenges around the long term sustainability of MPSC programming as it exists today.

MPSC has demonstrated fiscal responsibility in managing reserve funds in the early years, allowing support for growth as programs matured. Drawing on reserves has ensured programs could operate while a model is developed for establishing the next iteration of packaging and printed paper stewardship.

In December 2003 the Efficiency Manitoba (EM) initiative was announced by the Province of Manitoba and tasked with developing a new provincial vision for energy, water, demand-side management, and waste reduction. Since that time, Green Manitoba has been created as a Special Operating Agency under department of Science, Technology, Energy and Mines. Green Manitoba has been assigned the task of developing options for industry operated expanded producer responsibility programming for tires, packaging and printed paper, waste electronics, household hazardous waste and paint.

The past twelve years has seen unprecedented and unimagined growth in community recycling programming. The total number of tonnes diverted from landfill has far outstripped the projections developed in the mid 1990's. There is no disputing that MPSC's multi-material approach works and is cost effective and efficient.

As stated in the 2004-2007 "Sustaining the MPSC Model Business Plan", change is required in order to continue moving forward. With the discussions/negotiations with various industry sectors, it appears that the change we called for may be upon us. The timing for the implementation of the new provincial vision has yet to be confirmed, but it is expected to be mid-2008 or early 2009. Once the Industry Funding Organization (IFO) has been established, applicable MPSC programming will be transitioned to the IFO and MPSC will cease operation.

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MPSC has demonstrated fiscal responsibility in managing reserve funds in the early years, allowing support for growth as programs matured. Drawing on reserves has ensured programs could operate while a model is developed for establishing the next iteration of packaging and printed paper stewardship.

In the meantime MPSC has produced a one year business plan taking us through March 31,2008.

In late 2007, MPSC bade farewell to two long term employees. David Crawford left MPSC to work for the 2010 Vancouver Olympic Committee and Nathalie Balcaen left MPSC to work at St Amant Centre. David and Nathalie's contribution to the success of MPSC were many and we wish them all the best in their new endeavours.

As we await further developments from Green Manitoba and the Province we will continue to operate our business in the manner that has earned MPSC staff broad-based stakeholder endorsement for delivering a model for effective and efficient administration of recycling initiatives.

Jim Fogg,

General Manager

Message du directeur général

Le 31 mars 2007 marquait la fin de la douzième année d'activité de la Corporation manitobaine de gestion des produits désignés (CMGPD). L'exercice 2006-2007 a pourtant été témoin d'un certain nombre de problèmes pour la Corporation et les intervenants du secteur. On a décrit le marché des matières recyclables comme étant sens dessus dessous. Certains programmes ont marqué un recul, tandis que d'autres ont fait des progrès. Même avec les défis qui ont été particulièrement évidents dans la région des Parcs, nous nous attendons à une reprise au cours de l'exercice 2007-2008. Les programmes et la récupération ont connu une augmentation dans toutes les régions de la province. Le recyclage est bien enraciné dans l'esprit des Manitobains et, quoi qu'il arrive, ces derniers veulent leurs programmes de recyclage et y participent avec enthousiasme.

Au Manitoba, le recyclage offre des avantages économiques importants :

- création d'emplois dans des entreprises à but lucratif et sans but lucratif, et acquisition de compétences et de connaissances;
- expansion des infrastructures; achat de biens et de services (carburant, camions, matériel, taxes);
- valeur des ventes des matières recyclables et de la réduction des déchets mis en décharge.

Les avantages pour l'environnement comprennent la prolongation de la durée de vie des décharges existantes et les économies de coûts sur le plan du développement et du choix du site des nouvelles décharges.

Les fabricants économisent de l'énergie et profitent de la réduction du coût de leurs matières premières en ayant recours à un approvisionnement constant en matières recyclées.

Recyclage résidentiel municipal

Au cours de l'exercice 2006-2007, la récupération des matériaux admissibles a atteint 64 766 tonnes métriques de matières recyclables recueillies pour le recyclage ou la réutilisation. La Corporation a versé aux municipalités manitobaines plus de 7,8 millions de dollars en paiements de soutien directs au recyclage, soit une hausse de 6 % par rapport à 2005-2006. Étant donné que le recyclage arrive à maturité dans la province, si aucune modification n'est apportée à la programmation actuelle, nous prévoyons que la croissance sera normalisée à des hausses annuelles de moins de 10 %.

Autres programmes de la Corporation

La Corporation communique avec les intervenants du secteur de diverses manières :

- elle met périodiquement à jour son site Web www.mpsc.com en postant des faits et des rapports;
- elle produit et distribue des bulletins d'information sur une base semestrielle ou annuelle;

Au cours des douze dernières années, nous avons été témoins d'une croissance inimaginable et sans précédent des programmes de recyclage communautaires.

Le nombre total de tonnes de matériaux valorisés a dépassé de beaucoup les prévisions élaborées au milieu des années 1990. On ne peut contester que l'approche du recyclage de matériaux multiples de la Corporation fonctionne et qu'elle est efficace et économique.

- elle distribue par courriel un bulletin mensuel aux municipalités et aux entreprises de recyclage;
- elle produit des fiches de renseignements sur le recyclage à jour pour les municipalités;
- elle distribue annuellement des rapports sommaires sur le recyclage communautaire pour faire connaître la rétroaction aux réussites des programmes de recyclage municipaux;
- elle organise des ateliers annuels avec des présentations de la Corporation et de conférenciers invités;
- elle offre une aide téléphonique gratuite et des visites sur place;
- elle publie des communiqués de presse pour faire la publicité de divers événements et diffuser des nouvelles.

Commercialisation et soutien technique

Les outils de promotion, le financement et le soutien technique offerts par la Corporation veillent à ce qu'aucun motif n'empêche une collectivité de mettre en place un programme de recyclage rentable et couronné de succès. La Corporation offre un soutien technique et commercial individuel par le biais de visites sur place, d'ateliers annuels et de la préparation de bulletins techniques et de fiches de renseignements. Le contrôle des coûts nous permet de nous tenir au courant des tendances des coûts du recyclage, tandis que le contrôle des recettes nous permet d'assurer le suivi de la valeur des matières recyclables commercialisées.

Gestion des ressources financières

Comme nous l'indiquions dans le rapport annuel de la Corporation pour l'exercice 2001-2002, nous continuons de réduire nos fonds de réserve. Nous avons rationalisé nos coûts et éliminé le soutien offert à certains programmes afin de veiller à la viabilité continue de nos programmes de base.

Quel est l'avenir?

En 2000-2001, nous avons indiqué que la Corporation commencerait à subir des pertes d'exploitation annuelles. La croissance continue de la quantité de matériaux désignés recyclés ou réutilisés a soulevé le défi du maintien à long terme des programmes actuels de la Corporation.

La Corporation a fait preuve de responsabilité financière en gérant le fonds de réserve au cours de ses premières années d'existence et en soutenant la croissance au fur et à mesure de l'évolution des programmes. Le recours au fonds de réserve a permis la mise en œuvre des programmes, tout en élaborant un modèle pour définir et établir les projets de gestion du papier imprimé et des emballages de la deuxième génération.

En décembre 2003, le gouvernement provincial a annoncé le lancement de l'initiative Efficacité Manitoba qui avait pour but l'élaboration d'une nouvelle vision provinciale en matière de conservation de l'énergie et de l'eau, de gestion axée sur la demande et de réduction des déchets. Depuis, le gouvernement a créé un organisme de service spécial, le Bureau des solutions écologiques pour un Manitoba vert, qui relève du ministère de l'Énergie, des Sciences et de la Technologie. L'organisme a reçu la tâche d'élaborer des programmes de responsabilité élargie des producteurs administrés par l'industrie qui viseraient les pneus, le papier imprimé et les emballages, ainsi que les déchets électroniques, les déchets domestiques dangereux et la peinture.

Au cours des douze dernières années, nous avons été témoins d'une croissance inimaginable et sans précédent des programmes de recyclage communautaires. Le nombre total de tonnes de matériaux valorisés a dépassé de beaucoup les prévisions élaborées au milieu des années 1990. On ne peut contester que l'approche du recyclage de matériaux multiples de la Corporation fonctionne et qu'elle est efficace et économique.

Comme nous l'indiquons dans le plan d'activité de la Corporation pour la période de 2004 à 2007, « Sustaining the MPSC Model » (assurer la viabilité du modèle de la CMGPD), le changement est nécessaire si nous voulons continuer à aller de l'avant. Les discussions et les négociations menées avec divers secteurs industriels semblent indiquer que le changement que nous avons demandé est proche. Le moment de la mise en oeuvre de la nouvelle vision provinciale doit être confirmé, mais nous prévoyons qu'elle aura lieu vers le milieu de 2008 ou au début de 2009. Après l'établissement de l'organisme de financement industriel (OFI), les programmes pertinents de la Corporation seront transférés à l'OFI et cette dernière cessera ses activités.

Entre temps, la Corporation a élaboré un plan d'activité d'un an, qui la mènera au 31 mars 2008.

À la fin de 2007, la Corporation a dit adieu à deux employés de longue date. David Crawford a quitté la Corporation pour travailler pour le Comité des Jeux olympiques d'hiver de 2010 à Vancouver et Nathalie Balcaen a quitté la Corporation pour travailler au Centre St-Amant. Les contributions de David et de Nathalie à la réussite de la Corporation ont été nombreuses et nous leur souhaitons nos meilleurs voeux de succès dans leurs nouveaux projets.

En attendant les initiatives du Bureau des solutions écologiques pour un Manitoba vert et du gouvernement provincial, nous continuerons d'exercer nos fonctions d'une manière qui a permis au personnel de la Corporation d'obtenir un large soutien des intervenants du secteur pour son modèle d'administration efficace des initiatives de recyclage.

Jim Fogg

Directeur général

La Corporation a fait preuve de responsabilité financière en gérant le fonds de réserve au cours de ses premières années d'existence et en soutenant la croissance au fur et à mesure de l'évolution des programmes. Le recours au fonds de réserve a permis la mise en œuvre des programmes, tout en élaborant un modèle pour définir et établir les projets de gestion du papier imprimé et des emballages de la deuxième génération.

Municipal Programs

The Multi-Material WRAP Fund shall be used to provide or pay for the following:

- the establishment and administration of a waste reduction and prevention program for designated material;

- expenditures incurred in the collection, transportation, storage, processing and disposal of designated material in connection with the waste reduction and prevention program;

- the appropriate disposal of waste-designated material;

A Message from the Manager

The numbers you will see in this annual report show that Manitobans have continued to recycle more of their household packaging and printed material every year since 1995. (The drop in our overall recovery numbers this year is directly due to a decrease in the amount of Old Corrugated Cardboard recycled from industrial/commercial/institutional sources by municipalities). Last year, Manitobans recycled about 55 kilograms of packaging and printed material per capita through their MPSC-funded community recycling programs. Clearly, Manitobans are doing their part in using their local community blue box, bag or drop-off depot recycling program and their efforts should be acknowledged.

Despite the continued recycling success, this continues to be a difficult time for MPSC. After over a decade of aggressively growing recycling with a "higher recovery, greater efficiency" philosophy, we now find ourselves in what's being termed a transition/wind-down mode. Our underlying philosophy remains the same but our activities have been scaled back considerably and our main aim now is simply to maintain the programs as best as possible until the transition to the Province's new producer responsibility-based model is complete.

The good news is that communities participating in MPSC's recycling program funding system can remain confident that MPSC will remain financially secure through the short term while the Province works out the details of the new program. The bottom line is that MPSC's activities during the transition may not be as glamorous as some would like, but it will continue to be effective in providing stability for Manitoba's community recycling efforts.

MPSC and its stakeholders have shown that high levels of recycling success are achievable. The challenge we all now face is to avoid long-term complacency. There is simply too much at stake to just be satisfied with the recycling levels and efficiencies that we have achieved to date. On the other hand we must also be cautious not to let overzealousness cause us to throw the baby out with the bathwater. There are fundamental elements of the MPSC funding system that have been proven successful and should not be put at risk just so we can repackage our provincial recycling system as a producer responsibility model.

"Whatever you are, be a good one."
Abraham Lincoln

Mike Fernandes,
Senior Manager

Manitobans are doing their part in using their local community blue box, bag or drop-off depot recycling program and their efforts should be acknowledged.

Did You Know?

64,766 metric tonnes

= 64,766,000 kilograms

= 142,783,124 pounds

That is 55 kgs (approximately 121 pounds) of packaging and printed material recycled per Manitoban last year just through MPSC-funded local recycling programs! This does not include the recycling of non-MPSC materials, nor the recycling of aluminum, metal and plastic containers directly delivered to brokers by individuals or charitable organizations.

Recovery of Eligible Materials

In MPSC's 2006/2007 fiscal year (April 1, 2006 – March 31, 2007), Manitobans recycled 64,766 metric tonnes of packaging and printed material through MPSC-funded local community recycling programs.

This represents an overall decrease in reported recovery of approximately 2,024 metric tonnes compared to the previous fiscal year. A significant drop in the amount of Old Corrugated Cardboard (OCC) reported by participating communities accounts for the decrease. (See Chart 4 — By-Material Recovery of Eligible Material for details.)

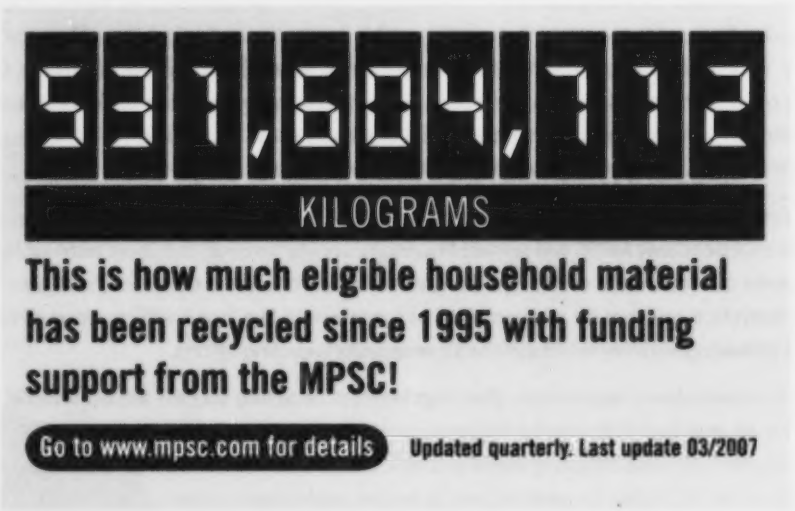
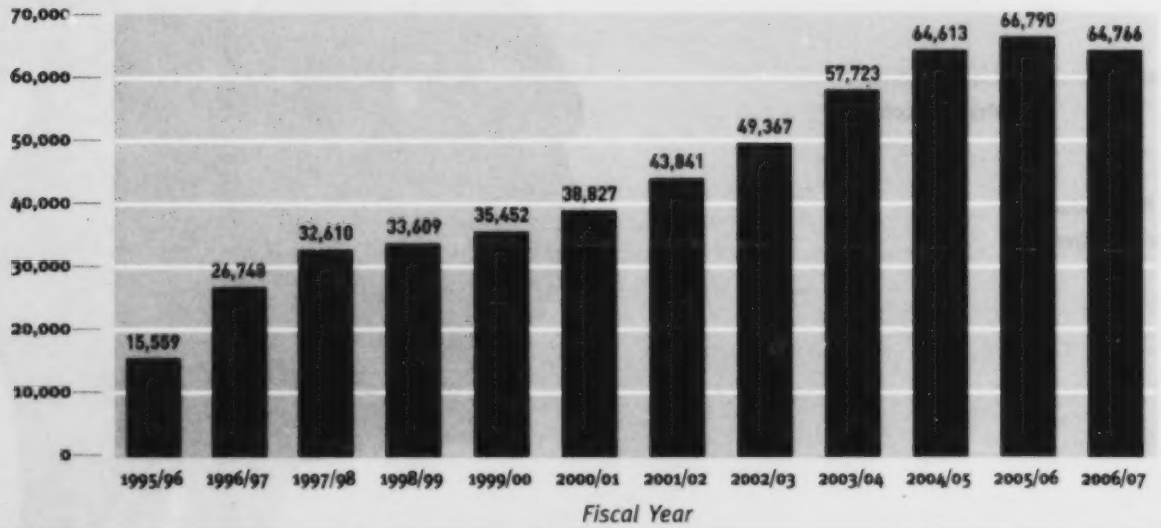

531,604,712
KILOGRAMS
This is how much eligible household material has been recycled since 1995 with funding support from the MPSC!
Go to www.mpsc.com for details
Updated quarterly. Last update 03/2007

Chart 1 — Recovery of Residential Materials in Metric Tonnes

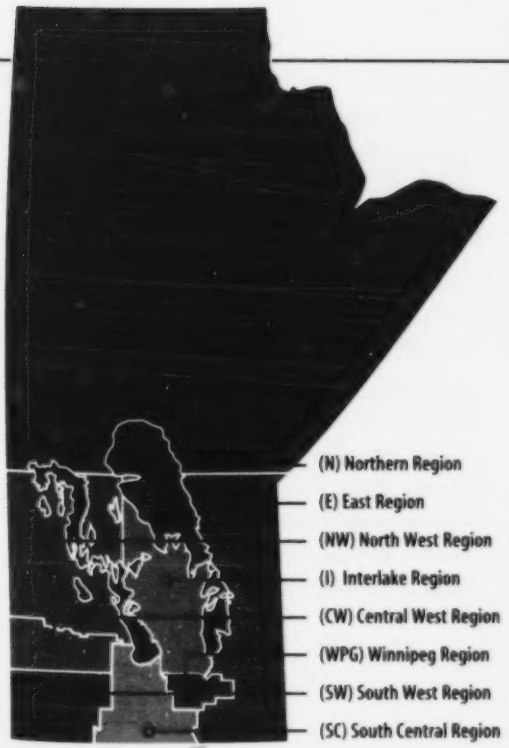


Municipal Recycling in Manitoba: MPSC Regions

MPSC provides financial and technical support to recycling programs operated by Manitoba communities, including: registered municipalities, provincial and federal parks, First Nations and Northern Affairs communities.

Manitoba communities participate in the MPSC funding program on a voluntary basis –communities are not required by law to have recycling programs. With technical and financial support from the MPSC, Manitoba communities establish, operate, promote and expand their own recycling programs. From MPSC's inception in 1995 to current day, Manitoba communities have recycled almost 1.2 billion pounds of household materials.

Over 200 communities participate in MPSC's recycling programs. Aside from the funding and technical support provided by MPSC, it is the communities own initiative that has been the driving force behind the level of recycling activity in each region.



Note: Not all materials recycled through Manitoba community recycling programs are eligible for MPSC recycling support payments (e.g. corrugated cardboard from commercial establishments).

Chart 2 — Summary By Region

	Population in participating communities	Total kilograms recycled	Average kgs recycled per person
Central West	26,608	1,564,398	58.8
East	73,549	4,716,374	64.1
Interlake	62,997	3,013,300	47.8
North	45,475	1,951,378	42.9
North West	30,251	682,122	22.5
South Central	80,197	5,211,533	65.0
South West	78,187	4,483,552	57.3
Winnipeg	670,227	43,143,507	64.4
Total	**1,067,491**	**64,766,163**	**60.7**

Did You Know?

Under the MPSC system, participating communities and/or their recycling agents keep all the revenue from selling recyclables to brokers and/or end users. For Manitoba communities there is an economic benefit to keeping these materials out of local landfills (also called the "avoided cost of disposal"). Not only are there environmental benefits from recycling, there are also economic benefits!

Municipal Recycling Support Payments

MPSC funds municipal recycling programs through an incentive-based system. Communities are paid a fixed rate (see chart below) for every metric tonne of eligible material (see chart on page 21 for list of eligible materials) recycled by their residents through registered recycling programs.

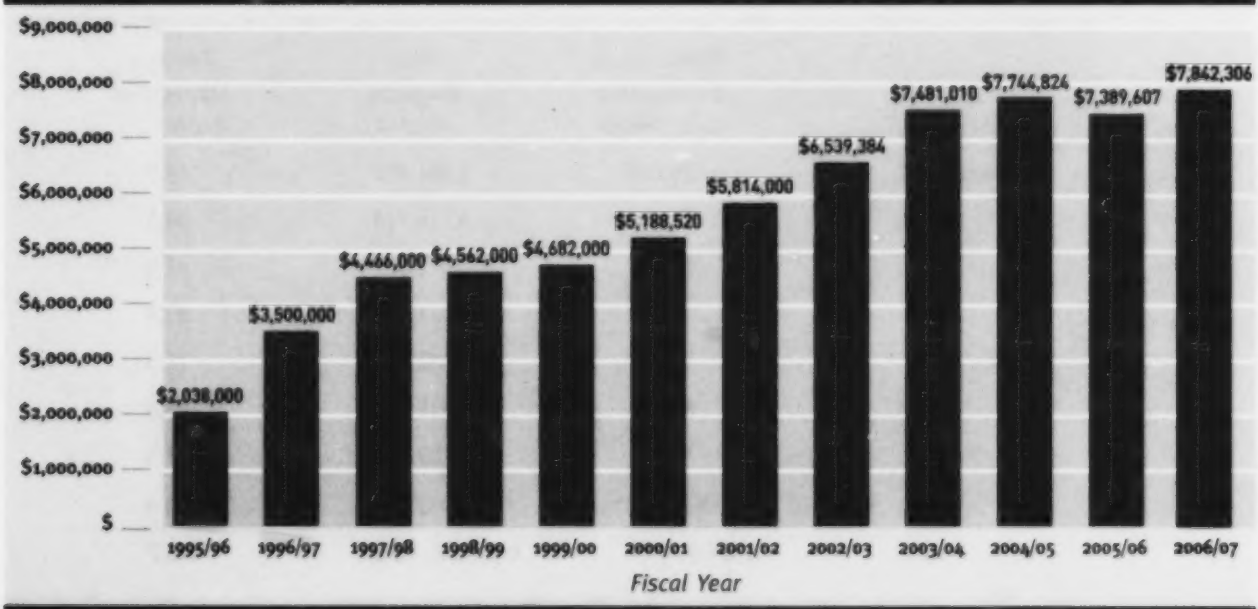
MPSC analyzes funding rates on an annual basis and changes the rates accordingly. These rates are expected to fluctuate year to year due to the dynamic nature of the recycling market. For more information on how MPSC calculates funding rates, see our website at *www.mpsc.com.*

2006/07 funding rates per metric tonne

Group	Rates
City of Winnipeg	$110 per tonne
City of Brandon	$128 per tonne
Communities with populations between 5,001 and 15,000	$142 per tonne
Communities with populations between 1,001 and 5,000	$162 per tonne
Communities with populations between 0 and 1,000	$178 per tonne

Last year, MPSC paid participating municipalities over $7.84 million in direct support payments. The table on the next few pages shows how the $7.84 million was distributed to each participating community in the province.

Chart 3 — Municipal Recycling Support Payments



Summary of MPSC Payments and Tonnes Recycled by Participating Community

MUNICIPALITY	REGION	POPULATION	06-07 FUNDING RATE	TOTAL MPSC PAYMENTS RECEIVED BY COMMUNITY IN 06-07	TOTAL TONNES RECYCLED IN 06-07
Alexander, RM	East	2,780	$162	$17,171	105.99
Altona, Town	South Central	3,434	$162	$42,319	343.33
Arborg, town	Interlake	959	$178	$6,474	56.32
Argyle, RM	South Central	1,145	$162	$2,332	14.40
Armstrong, R.M.	Interlake	1,905	$162	$5,609	34.62
Arthur, R.M.	South West	480	$178	$509	2.86
Beausejour, Town	East	2,772	$162	$27,078	203.79
Benito, village	North West	415	$178	$3,613	26.98
Berens River First Nation	East	1,644	$162	-	No claims rec'd
Bifrost, R.M.	Interlake	2,967	$162	$17,036	177.01
Binscarth, Village	Central West	445	$178	$2,913	35.23
Birtle, RM	Central West	749	$178	$2,661	14.95
Birtle, Town	Central West	715	$178	$2,540	14.27
Blanshard, RM	Central West	686	$178	$2,182	12.26
Boissevain, town	South West	1,495	$162	$14,676	143.49
Bowsman, village	North West	320	$178	$2,598	17.05
Brandon, City	South West	39,716	$128	$323,266	2,469.87
Brenda, RM	South West	616	$178	$853	4.79
Brokenhead, R.M.	East	3,877	$162	$37,872	285.03
Buffalo Point First Nation	East	41	$178	$2,566	16.22
Cameron, R.M.	South West	496	$178	$10,634	60.54
Canupawakapa Dakota N (OakLake)	South West	295	$178	-	No claims rec'd
Carberry, Town	South West	1,513	$162	$16,439	144.65
Carman, town	South Central	2,831	$162	$36,226	223.62
Cartier, R.M.	Winnipeg	3,120	$162	$15,718	95.64
Cartwright, village	South Central	304	$178	$1,912	10.74
Churchill, town	North	963	$178	$59	0.27
Clanwilliam, R.M.	Central West	467	$178	$1,526	14.43
Coldwell, R.M.	Interlake	1,320	$162	$14,625	90.28
Cornwallis, RM	South West	3,779	$162	$15,090	98.53
Crystal City, village	South Central	414	$178	$8,447	47.45
Dauphin, city	North West	8,085	$142	$5,585	39.33
Dauphin, R.M.	North West	2,273	$162	$1,791	11.06
De Salaberry, R.M.	East	3,227	$162	$20,732	134.10
Deloraine, Town	South West	1,026	$162	$10,564	65.21
Duck Mountain Provincial Park	North West	999	$178	$15	0.12
Dufferin, R.M.	South Central	2,405	$162	$1,608	9.93
Dunnottar, Village	Interlake	487	$178	$3,861	21.69
East St. Paul, R.M.	Winnipeg	7,677	$142	$111,136	782.26
Edward, R.M.	South West	679	$178	$1,799	11.11
Elkhorn, Village	South West	470	$178	$9,553	65.56
Ellice, R.M.	Central West	509	$178	-	No claims rec'd
Elton, RM	South West	1,321	$162	$3,668	33.15
Emerson, town	South Central	655	$178	$5,978	33.99
Erickson, town	Central West	448	$178	$1,446	13.67
Eriksdale, R.M.	Interlake	889	$178	$10,822	60.80

Want to know more about recycling in Manitoba communities or find out more about MPSC's business plans and programs?

Visit our Web site at *www.mpsc.com*

Did You Know?

Since 1995 participating Manitoba communities have received over $67 million from MPSC to support local recycling.

REGISTERED COMMUNITY	REGION	POPULATION	06-07 FUNDING RATE	TOTAL MPSC PAYMENTS RECEIVED BY COMMUNITY IN 06-07	TOTAL TONNES RECYCLED IN 06-07
Ethelbert, R.M.	North West	459	$178	$529	2.97
Ethelbert, Village	North West	335	$178	$386	2.17
Falcon Lake/Westhawk	East	0	$178	$23,094	146.71
Fisher, RM	Interlake	2,049	$162	$56,802	350.63
Flin Flon, city	North	6,000	$142	$40,089	462.19
Franklin, R.M.	East	1,781	$162	$12,474	79.86
Gilbert Plains, town	North West	757	$178	-	No claims rec'd
Gillam, town	North	1,178	$162	$6,643	59.80
Gimli, R.M.	Interlake	5,158	$142	$59,537	419.27
Gladstone, town	South Central	848	$178	$10,058	57.94
Glenboro, village	South West	656	$178	$13,383	70.43
Glenwood, R.M.	South West	697	$178	$8,868	59.07
Grahamdale, RM	Interlake	1,500	$162	$5,791	35.75
Grand Rapids, town	North	355	$178	-	No claims rec'd
Grandview, RM	North West	839	$178	$1,401	7.87
Grandview, town	North West	814	$178	$1,359	7.63
Gretna, Town	South Central	563	$178	$6,421	42.38
Grey, R.M.	South Central	2,147	$162	$11,535	74.64
Hamiota, RM	Central West	479	$178	$5,038	29.56
Hamiota, Town	Central West	858	$178	$9,024	52.95
Hanover, R.M.	East	10,789	$142	$72,018	611.31
Harrison, R.M.	Central West	837	$178	$13,588	76.34
Hartney, town	South West	446	$178	$9,562	54.44
Headingley, RM	Winnipeg	1,907	$162	$22,233	137.24
Hecla Grindstone Prov Park	Interlake	400	$178	$364	2.02
Kelsey, R.M.	North	2,520	$162	$6,827	66.10
Killarney, town	South West	2,221	$162	$18,008	139.08
La Broquerie, R.M.	East	2,894	$162	$27,516	205.35
Lac Brochet First Nation	North	900	$178	$627	3.73
Lac du Bonnet, RM	East	2,405	$162	$31,982	197.42
Lac du Bonnet, Town	East	1,089	$162	$14,005	86.46
Lake St. Martin First Nation	Interlake	1,338	$162	-	No claims rec'd
Lakeview, R.M.	South Central	384	$178	$2,720	15.28
Langford, RM	Central West	784	$178	$10,923	61.36
Lansdowne, R.M.	Central West	877	$178	$2,378	13.36
Lawrence, R.M.	North West	540	$178	$2,570	14.44
Leaf Rapids, Town	North	1,309	$162	$685	3.44
Lorne, R.M.	South Central	2,033	$162	$9,807	64.34
Louise, R.M.	South Central	989	$178	$2,382	13.38
MacDonald, R.M.	Winnipeg	5,320	$142	$28,683	200.11
MacGregor, village	South Central	882	$178	-	No claims rec'd
Manitou, town	South Central	775	$178	$5,754	33.89
MB Conservation - Moose Lake	East	90	$178	$552	3.10
MB Conservation - Paint Lake	North	275	$178	$1,576	7.50
McCreary, RM	Central West	525	$178	$3,017	16.95
McCreary, village	Central West	522	$178	$3,017	16.95
Melita, Town	South West	1,111	$162	$1,073	6.62
Miniota, RM	Central West	969	$178	$5,223	29.34
Minitonas, town	North West	538	$178	$3,451	25.62
Minnedosa, town	Central West	2,426	$162	$50,685	315.78
Minto, R.M.	Central West	684	$178	-	No claims rec'd
Montcalm, RM	South Central	1,400	$162	$9,203	58.71
Morden, Town	South Central	6,142	$142	$59,257	1,092.91

REGISTERED COMMUNITY	REGION	POPULATION	06-07 FUNDING RATE	TOTAL MPSC PAYMENTS RECEIVED BY COMMUNITY IN 06-07	TOTAL TONNES RECYCLED IN 06-07
Morris, town	South Central	1,673	$162	$11,042	71.85
Morton, R.M.	South West	760	$178	$9,078	73.92
Mountain, R.M.	North West	1,589	$162	$788	6.87
Neepawa, town	Central West	3,325	$162	$45,749	282.40
Nisichawayasihk Cree Nation	North	2,484	$162	-	No claims rec'd
Niverville, town	East	1,921	$162	$41,265	310.65
North Cypress, RM	South West	1,853	$162	$5,651	49.73
North Norfolk, R.M.	South Central	2,941	$162	$20,542	133.35
Norway Hse (Norway House C N)	North	4,165	$162	-	No claims rec'd
Notre Dame de Lourdes, Village	South Central	619	$178	$4,912	27.59
Oak Lake, town	South West	359	$178	$1,176	6.61
Oakland, R.M.	South West	1,111	$162	$4,142	25.57
Ochre River, R.M.	North West	952	$178	-	No claims rec'd
Odanah, R.M.	Central West	*505	$178	-	No claims rec'd
Opaskwayak Cree Nation	North	2,973	$162	$7,198	69.69
Park, R.M.	Central West	1,228	$162	$3,363	37.97
Peguis First Nation	Interlake	3,321	$162	-	No claims rec'd
Pembina, R.M.	South Central	1,769	$162	$11,264	77.35
Pilot Mound, town	South Central	676	$178	$14,069	79.04
Pinawa, L.G.D.	East	1,500	$162	$15,127	95.62
Piney, R.M.	East	1,688	$162	$10,189	78.66
Pipestone, RM	South West	1,567	$162	$13,538	85.49
Plum Coulee, Town	South Central	725	$178	$7,610	43.29
Portage la Prairie, City	South Central	12,976	$142	$157,786	1,082.98
Portage La Prairie, R.M.	South Central	6,791	$142	$52,279	368.16
Powerview - Pine Falls	East	1,400	$162	$11,767	104.07
Rapid City, town	Central West	424	$178	$3,493	19.62
Reynolds, R.M.	East	1,298	$162	$11,304	88.24
Rhineland, RM	South Central	4,183	$162	$8,065	63.57
Riding Mountain National Park	Central West	300	$178	$1,044	9.87
Ritchot, R.M.	Winnipeg	4,958	$162	$31,281	190.93
Rivers, town	South West	1,119	$162	$7,033	43.89
Riverside, RM	South West	856	$178	$1,333	7.49
Riverton, village	Interlake	594	$178	$4,008	34.86
Roblin, R.M.	South Central	955	$178	$2,868	16.11
Roblin, town	North West	1,818	$162	$17,320	106.92
Rockwood, R.M.	Interlake	7,654	$142	$13,910	107.13
Roland, RM	South Central	1,035	$162	$5,874	36.98
Rolling River First Nation	Central West	489	$178	-	No claims rec'd
Rosedale, RM	Central West	1,598	$162	$4,510	27.84
Rossburn, R.M.	Central West	524	$178	$1,443	8.11
Rossburn, town	Central West	568	$178	$1,564	8.79
Rosser, R.M.	Winnipeg	1,412	$162	$5,118	43.75
Russell, RM	Central West	544	$178	$3,561	43.07
Russell, Town	Central West	1,587	$162	$8,697	125.64
Sagkeeng First Nation (Fort Alexander)	East	3,123	$162	-	No claims rec'd
Selkirk, city	Interlake	9,752	$142	$100,696	843.24
Shoal Lake, R.M.	Central West	578	$178	$13,548	96.42
Shoal Lake, Town	Central West	801	$178	$18,775	133.61
Sifton, RM	South West	766	$178	$2,499	14.04
Siglunes, R.M.	Interlake	1,513	$162	-	No claims rec'd

Participation by Manitoba communities in the MPSC funding program is, and has always been, voluntary – Manitoba communities are not required by regulation to have recycling programs. The communities themselves, along with the support of the MPSC have created and grown recycling programs from their infancy 12 years ago, to mature well-established programs today.

Want to see any of the recycling report cards for these communities?

Go to *www.mpsc.com*, click on MB Recycles and find the community.

REGISTERED COMMUNITY	REGION	POPULATION	06-07 FUNDING RATE	TOTAL MPSC PAYMENTS RECEIVED BY COMMUNITY IN 06-07	TOTAL TONNES RECYCLED IN 06-07
Snow Lake, town	North	1,207	$162	$3,470	23.89
Somerset, village	South Central	459	$178	$8,332	46.81
Souris, town	South West	1,683	$162	$17,928	142.62
South Cypress, R.M.	South West	821	$178	$704	3.71
South Norfolk, R.M.	South Central	1,246	$162	$2,523	15.57
Split Lake (Tataskweyak Cree Nation)	North	2,095	$162	-	No claims rec'd
Springfield, R.M.	Winnipeg	12,602	$142	$53,843	362.58
St. Andrews, R.M.	Interlake	10,695	$142	$42,351	359.40
St. Claude, village	South Central	558	$178	$12,530	70.39
St. Clements, R.M.	East	9,115	$142	$19,693	138.69
St. François-Xavier, RM	Winnipeg	1,024	$162	$7,901	48.77
St. Laurent, R.M.	Interlake	1,172	$162	-	No claims rec'd
St. Lazare, village	Central West	265	$178	-	No claims rec'd
St. Pierre-Jolys, village	East	893	$178	$6,776	$38.49
Stanley, R.M.	South Central	5,139	$142	-	No claims rec'd
Ste. Anne, R.M.	East	4,427	$162	$2,754	22.54
Ste. Anne, town	East	1,513	$162	$24,788	202.88
Ste. Rose du Lac, Town	North West	1,047	$162	-	No claims rec'd
Ste. Rose, RM	North West	895	$178	-	No claims rec'd
Steinbach, City	East	9,227	$142	$152,210	1,306.93
Stonewall, town	Interlake	4,012	$162	$26,779	180.79
Strathclair, RM	Central West	892	$178	$9,551	53.66
Strathcona, R.M.	South West	628	$178	$1,273	7.15
Stuartburn, R.M.	East	1,603	$162	$9,496	72.07
Swan River, R.M.	North West	2,923	$162	$3,979	50.12
Swan River, Town	North West	4,032	$162	$39,762	362.98
Tache, R.M.	Winnipeg	8,578	$142	$47,060	390.31
Teulon, town	Interlake	1,058	$162	$6,943	46.87
The Pas, town	North	5,795	$142	$18,620	152.00
Thompson, City	North	13,256	$142	$162,990	1,102.75
Thompson, R.M.	South Central	1,333	$162	$4,883	30.14
Treherne, Town	South Central	644	$178	$11,308	63.53
Turtle Mountain, R.M.	South West	1,146	$162	$18,008	139.08
Victoria Beach, RM	East	265	$178	$10,899	61.23
Victoria, R.M.	South Central	1,181	$162	$12,055	74.41
Virden, town	South West	3,109	$162	$33,827	238.32
Wallace, R.M.	South West	1,547	$162	$16,661	117.38
Waskada, Village	South West	208	$178	$284	1.60
Wawanesa, village	South West	516	$178	$9,618	54.03
West St. Paul, R.M.	Winnipeg	4,085	$162	$31,146	192.26
Whitehead, RM	South West	1,457	$162	$4,152	25.63
Whitemouth, R.M.	East	1,617	$162	$14,083	109.93
Whiteshell Provincial Park	East	570	$178	$1,964	11.04
Whitewater, R.M.	South West	725	$178	$3,093	17.38
Winkler, City	South Central	7,943	$142	$85,402	773.49
Winnipeg Beach, town	Interlake	801	$178	$23,416	144.79
Winnipeg, City	Winnipeg	619,544	$110	$4,639,979	40,699.65
Winnipegosis, village	North West	621	$178	-	No claims rec'd
Woodlands, R.M.	Interlake	3,453	$162	$7,084	47.83
Woodworth, RM	South West	939	$178	$95	0.53
Totals				**$7,842,306**	**64,766.16**

By-Material Recovery of Eligible Materials

On average, Manitobans recycled approximately 55 kilograms per person (64,766,163 kgs/1,170,300 population in 2006) through local community recycling programs.

The recovery of all but two categories of packaging and printed material increased for the 12th consecutive year. The category with a significant decrease is the amount of OCC collected by municipalities from the industrial/commercial and institutional sector. The overall decrease in recovered materials is due to the lower OCC recovery. A minor decrease was also seen in the #4, 5 & 7 rigid plastics category.

Chart 4 — By-Material Recovery

Eligible Material	Total Recycled 2005/2006 (Kg's)	Total Recycled 2006/2007 (Kg's)	Change from Previous Year (Kg's)	Average Kgs Recycled Per Manitoban 2006/2007 (2006 pop. = 1,170,300)
Newspapers, Magazines, Flyers & Telephone Directories	34,660,113	34,747,628	87,515	29.69
Corrugated Cardboard	11,727,434	9,148,516	-2,578,918	7.82
PET Plastics	2,091,093	2,162,710	71,317	1.85
4, 5, & 7 Rigid Plastics	940,335	905,960	-34,375	0.77
Glass Containers	5,336,095	5,430,166	94,071	4.64
Boxboard	5,398,023	5,496,882	98,859	4.70
Aluminum Cans	894,342	926,459	32,117	0.79
Metal Cans	2,551,157	2,567,909	16,752	2.19
Polycoat & Aseptic Containers	1,023,047	1,065,067	42,020	0.91
HDPE Containers	2,167,835	2,314,866	147,031	1.98
Total Eligible Materials	66,789,774	64,766,163	-2,023,611	55.34

IMPORTANT NOTES: Although MPSC requires that participating municipalities report by-material, caution must be used in interpreting the by-material weights provided.

1. Oftentimes materials are collected, processed and sold mixed together (commingled). This represents a challenge to determining precise by-material weights. For example, all rigid plastics (#2, #4, #5 and #7) are sometimes marketed together. In other cases, #2 plastics are marketed separately from the others.

2. Individuals may bring newspapers, magazines and other periodicals home from other sources (offices) for recycling resulting in higher recovery than just what is considered residential waste.

3. Recovery numbers reported by the MPSC include only those materials which are recycled through registered local recycling programs in participating communities. Manitoba also has many active charity-based organizations and individuals (e.g. CancerCare and some Winnipeg Fire Departments) that collect recyclable materials for sale directly to brokers. The amount of material recycled through such activities is unknown at this time, but it is estimated to be substantial. This is most apparent in the recovery of aluminum beverage containers. In previous years, a third party study conducted on behalf of MPSC estimated the total annual recovery rate for beverage containers to be above 60%.

4. MPSC has capped the amount of corrugated cardboard (OCC) that it will fund as a mechanism for capping its financial exposure to unknown amounts of corrugated cardboard generated in the province's commercial/institutional sector. The OCC amount shown in the table includes all OCC collected and reported by participating municipal recycling programs, whether from households or other sources.

Other MPSC Programming

MPSC offers communities more than financial support. Participating communities also have access to tools designed to help their local recycling programs become more effective and cost-efficient.

You can find out more by visiting our website at *www.mpsc.com*.

MPSC provides support to Manitoba Municipalities via various means to assist Municipalities with establishing and maintaining viable and successful recycling programs. MPSC's support systems and tools cover the areas of promotion, education, markets and technical information. Listed below is a synopsis of the assistance we provide.

- **Annual workshops** – two workshops were conducted in the Fall of 2006, one in Winnipeg and one in Brandon. The workshops are comprised of informative sessions presented by MPSC staff as well as special guests. In 2006 the guests included presentations from the following organizations: Manitoba Association for Resource Recovery, Tire Stewardship Board, MB Hydro Power Smart and Green Manitoba.
- **Monthly bulletin** – a regular monthly bulletin is distributed to municipalities and recyclers. The bulletin details relevant information about programs, events, new initiatives and other information that may be of interest to our stakeholders. Since 2004 the bulletin is mainly distributed via email.
- **Community Recycling Reports** – are distributed to participating municipalities in the fall of each year. These reports assist municipalities to monitor the success of their recycling programs and to set goals for their community. A grading system is used to give municipalities a straightforward way to evaluate their community recycling program.
- ***www.mpsc.com*** – MPSC's corporate website contains up-to-date information on MPSC activities, a 5-step guide to promoting a local recycling program, market and technical information as well as a dedicated page to each participating municipality (whereby municipalities can download their current recycling claim form and access current and past report cards).
- **Recycled products display** – MPSC has three Recycled products displays containing various household materials that have been recycled into new products (eg's: shirts made from recycled plastics). The displays are available on loan to any municipality wishing to use it.
- **Stewardship Circle Newsletter**- is produced one to two times per year.
- **Annual Reports** – Each year MPSC produces an annual report that provides information and financial results pertaining to our activities.
- **Markets Directory** – MPSC collects and maintains a comprehensive list of available recycling markets. Municipalities and recycling agents can request assistance with evaluating the best net revenue for their recyclables. The MPSC monitors market revenues for all MPSC eligible materials on a regular basis.

- **Cost Monitoring Study** – MPSC surveys all registered communities annually in order to provide MPSC with information on municipal recycling program costs. Participation is mandatory and the information collected is used to calculate Municipal Recycling Support Payments (MRSP). The data collected provides information on best practices and also identifies communities that will be offered technical assistance to improve performance.

- **Revenue Monitoring** – MPSC monitors recycling revenues in Manitoba on a monthly basis. Recycling revenues this past year were strong and fairly consistent.

  The sale of recyclables generated between five and six million dollars in revenues. There are many factors that affect recycling revenues and it's difficult to predict future values of recyclables. However, it is safe to assume that recycling markets won't disappear any time soon. In fact it can be stated that recycling markets are now an important part of both local and global economies.

- **One-on-one support** – On an as needed basis the MPSC provides assistance to municipalities that require help with a specific issues.

Stewards Programs

"A steward of beverage containers shall pay a WRAP levy at the rate of 2 cents per container that contained a beverage that is supplied by the steward for consumption in Manitoba"

Source: The Waste Reduction and Prevention Act (C.C.S.M c. W40)

Manitoba Regulation 39/95 Multi-Material Stewardship (Interim Measures) Regulation

Stewards of Designated Materials

In Manitoba, companies supplying non-deposit, ready to serve beverage containers are required to obtain a Product Steward Licence under the Multi-Material Stewardship (Interim Measures) Regulation (39/95). The Regulation also requires Product Stewards to register, report containers supplied and remit a 2¢ WRAP Levy on all non-deposit, ready-to-serve beverage containers supplied in Manitoba to the Manitoba Product Stewardship Corporation.

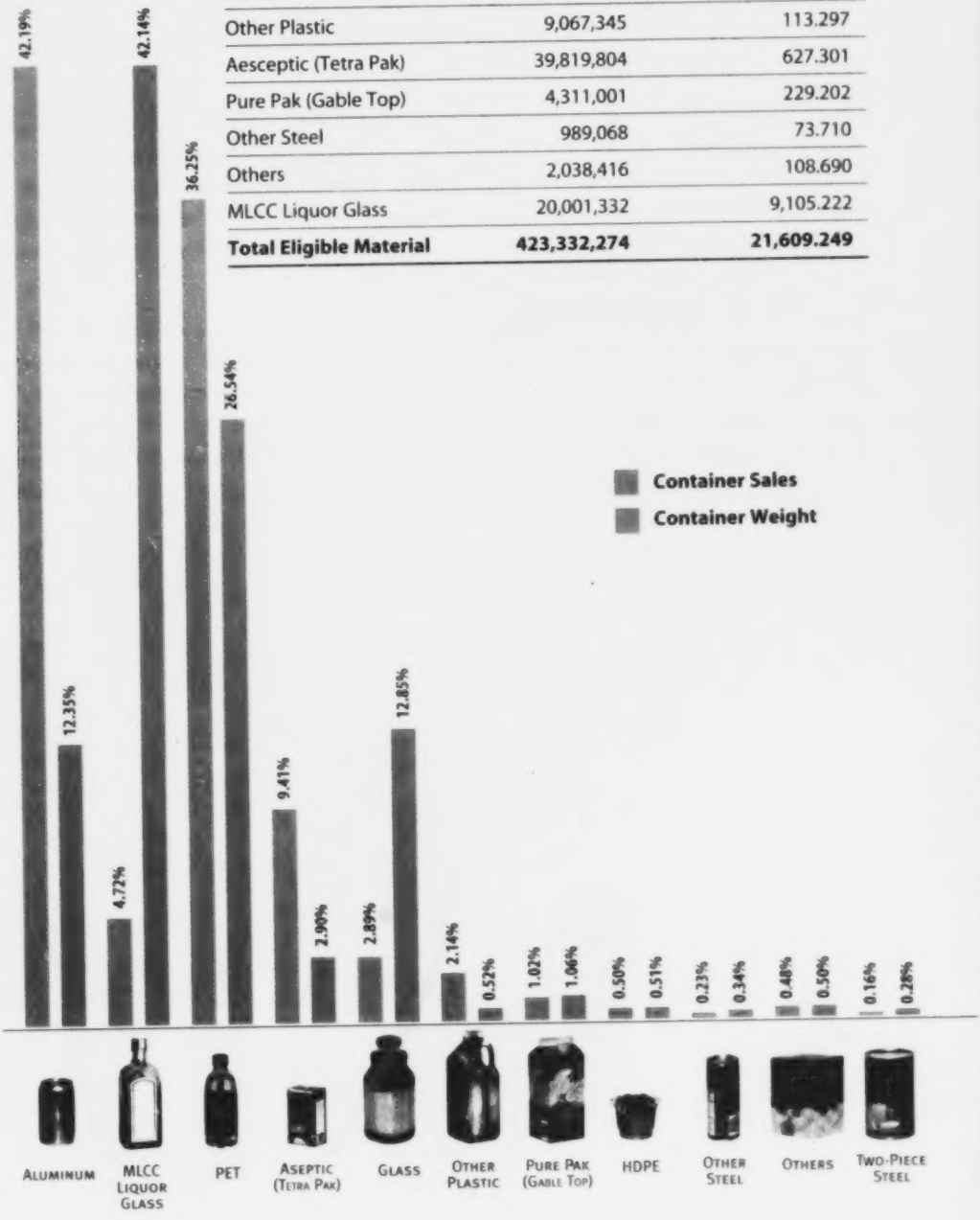
During the 2006/2007 fiscal year, 97 companies were licensed as Product Stewards to supply beverage containers in Manitoba. Over $8.7 million in 2¢ WRAP Levies were remitted to the MPSC during the 2006/2007 Program year.

The 2¢ WRAP Levy is only applicable on beverage containers supplied in Manitoba. The Credit Program of the MPSC is a mechanism whereby Licensed Product Stewards may apply for reimbursement of WRAP Levies for Out of Province sales of applicable materials. The Credit Program also addresses such occasions of double remittances and over remittances on applicable materials. Just over $283,000 was paid out to the five Product Stewards which requested and qualified for credits during the 2006/2007 Program year.

Compliance Review procedures, performed on a rotating schedule, are part of the compliance/enforcement area of the Stewards Program. All compliance review procedures are performed by an independent, third party organization to maintain confidentiality of sensitive sales information. The Compliance Review program area progressed with field reviews of 10 product stewards during the 2007 program year. Product Steward Compliance Surveys were issued to the remaining applicable companies. Periodic in-store monitoring is also performed to ensure that applicable materials are properly registered with the MPSC.

Chart 5 — 2006/2007 2¢ WRAP Levy Beverage Containers Supplied in Manitoba

Container Material	Container Sales	Container Weight (metric tonnes)
Aluminum	178,622,693	2,667.754
PET	153,467,422	5,735.995
Glass	12,248,223	2,776.448
Two-Piece Steel	657,591	61.469
HDPE	2,109,379	110.160
Other Plastic	9,067,345	113.297
Aesceptic (Tetra Pak)	39,819,804	627.301
Pure Pak (Gable Top)	4,311,001	229.202
Other Steel	989,068	73.710
Others	2,038,416	108.690
MLCC Liquor Glass	20,001,332	9,105.222
Total Eligible Material	**423,332,274**	**21,609.249**



Financial Statements
March 31, 2007

AUDITORS' REPORT

To the Board of Directors of

Manitoba Product Stewardship Corporation

We have audited the balance sheet of **Manitoba Product Stewardship Corporation** as at March 31, 2007 and the statements of operations and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
May 29, 2007

Chartered Accountants

Manitoba Product
Stewardship Corporation
Incorporated under the laws of Manitoba

BALANCE SHEET

As at March 31, 2007

	2007 $	2006 $
ASSETS		
Current		
Cash and cash equivalents [note 2]	**2,820,897**	2,918,041
Interest receivable	**13,080**	10,581
Grant receivable – school programs [note 3]	**—**	58,331
Levies receivable	**844,986**	745,328
Prepaid expenses and deposits	**12,379**	12,849
Total current assets	**3,691,342**	3,745,130
Capital assets [note 4]	**22,485**	16,874
	3,713,827	3,762,004
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accrued liabilities	**72,070**	84,060
Recycling support payments payable	**1,489,156**	1,579,152
Total current liabilities	**1,561,226**	1,663,212
Fund balance		
Multi-Material WRAP Fund	**2,152,601**	2,098,792
	3,713,827	3,762,004

See accompanying notes

On behalf of the Board:

Director

Director

Manitoba Product
Stewardship Corporation

STATEMENT OF OPERATIONS AND FUND BALANCE

Year ended March 31, 2007

	2007 $	2006 $
REVENUE		
Beverage levy revenue	**8,749,251**	8,024,604
Levy rebates	**(283,522)**	(225,198)
Provincial grant – school programs [note 3]	**—**	576,798
Interest	**131,519**	77,617
	8,597,248	8,453,821
EXPENSES		
Programs		
Municipal		
Recycling support payments to municipalities	**7,842,306**	7,389,607
Municipal support	**38,637**	53,108
	7,880,943	7,442,715
Steward		
Compliance of WRAP Act	**61,259**	45,111
School [note 3]		
STAR – school honorariums	**—**	342,500
STAR Plus – post secondary	**—**	133,230
School promotion and education	**—**	101,068
	—	576,798
Corporate promotion/partnerships		
Advertising and promotion	**3,568**	8,531
Partnerships/sponsorships	**5,000**	5,000
	8,568	13,531
	7,950,770	8,078,155
Administrative [schedule]	**592,669**	611,436
	8,543,439	8,689,591
Excess of expenses over revenue (expenses over revenue) for the year	**53,809**	(235,770)
Fund balance, beginning of year	**2,098,792**	2,334,562
Fund balance, end of year	**2,152,601**	2,098,792

See accompanying notes

Manitoba Product
Stewardship Corporation

STATEMENT OF CASH FLOWS

Year ended March 31, 2007

	2007 $	2006 $
OPERATING ACTIVITIES		
Excess of expenses over revenue (expenses over revenue) for the year	**53,809**	(235,770)
Add charges to operations not requiring a current cash payment		
Amortization	**6,931**	5,516
	60,740	(230,254)
Net change in non-cash working capital balances related to operations		
Interest receivable	**(2,499)**	582
Grant receivable	**58,331**	(58,331)
Levies receivable	**(99,658)**	(775)
Prepaid expenses and deposits	**470**	477
Accounts payable and accrued liabilities	**(11,990)**	8,532
Recycling support payments payable	**(89,996)**	197,738
Cash used in operating activities	**(84,602)**	(82,031)
INVESTING ACTIVITIES		
Purchase of capital assets	**(12,542)**	(7,303)
Cash used in investing activities	**(12,542)**	(7,303)
Decrease in cash during the year	**(97,144)**	(89,334)
Cash and cash equivalents, beginning of year	**2,918,041**	3,007,375
Cash and cash equivalents, end of year	**2,820,897**	2,918,041

See accompanying notes

Manitoba Product
Stewardship Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Manitoba Product Stewardship Corporation ["MPSC"] was established under the Waste Reduction and Prevention Act ["WRAP"] – Multi-Material Stewardship (Interim Measures) Regulations [the "Regulations"] with the following objectives:

[a] To establish and administer a waste reduction and prevention program for designated materials for Manitoba;

[b] To provide for the effective, efficient and economical management of waste designated materials; and

[c] To administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. The Fund is currently funded by collection of levies on beverage containers supplied by a steward of beverage containers (Product Steward) to be consumed in Manitoba.

MPSC is exempt from income tax under Section 149 of the Income Tax Act.

Going concern considerations

A Special Operating Agency has been established by the Government of the Province of Manitoba called Green Manitoba. The Province of Manitoba and its Special Operating Agency Green Manitoba have announced their intention of transitioning MPSC to an Industry Funding Organization ["IFO"], Multi Material Stewardship Manitoba. There have been no transactions between MPSC and this entity. Three of the ten Directors of MPSC are also Directors of Multi Material Stewardship Manitoba. The wind-up of MPSC is subject to legislative approval. The potential impact of the wind-up of the operations of MPSC is currently not determinable.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes the MPSC will realize its assets and discharges its liabilities in the normal course of operations. The financial statements do not give effect to any adjustments to the classification and carrying values of assets and liabilities that might be necessary should MPSC be unable to continue its operations as a going concern.

NOTES TO FINANCIAL STATEMENTS, March 31, 2007, cont.

Levy revenue and recycling support payments to municipalities

Levy revenue is charged on all non-deposit [excluding dairy] beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized based on revenue as reported by the Product Stewards to MPSC, and when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies are inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self assessments as reported by Product Stewards.

Recycling Support Payments to municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC.

Cash and cash equivalents

Cash and cash equivalents are recorded as cost and include cash and short-term investments with maturities at the date of purchase of up to three months.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided for by the following annual rates and methods:

Furniture and fixtures	20%	declining balance
Computer hardware	30%	declining balance
Computer software	100%	straight line

Financial instruments

Financial instruments include cash and cash equivalents, interest receivable, grant receivable, levies receivable, accounts payable and accrued liabilities and recycling support payments payable. It is management's opinion that MPSC is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Due to their short-term nature, the book value of MPSC's financial assets and liabilities approximates their fair value.

NOTES TO FINANCIAL STATEMENTS, March 31, 2007, cont.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are term deposits , held in trust by the Department of Finance of the Province of Manitoba of $1,040,476 [2006 - $1,000,000]. The term deposits bear interest at 4.10% [2006 – 3.55%] per annum and mature on April 30, 2007.

3. PROVINCIAL GRANT FOR SCHOOL PROGRAMS

Manitoba Conservation and MPSC entered into a Memorandum of Understanding on September 1, 2005 regarding the funding support for the delivery of MPSC's school and youth programs. Effective March 31, 2006, this agreement terminated and MPSC is no longer administering school recycling funding.

4. CAPITAL ASSETS

	2007			2006		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	$	$	$	$	$	$
Furniture and fixtures	26,405	21,063	5,342	25,461	19,845	5,616
Computer						
Hardware	93,628	76,485	17,143	82,030	71,624	10,406
Software	149,487	149,487	—	149,487	148,635	852
	269,520	**247,035**	**22,485**	**256,978**	**240,104**	**16,874**

5. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases with commitments totalling $54,312 for fiscal 2008.

Manitoba Product
Stewardship Corporation

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended March 31, 2007

	2007 $	2006 $
Amortization	**6,931**	5,516
Board members' expenses	**1,209**	2,710
Communication	**11,283**	11,309
Contract financial management	**53,927**	52,483
Equipment, leasing, repairs and maintenance	**7,239**	17,984
Insurance	**15,196**	15,209
Office	**32,902**	40,000
Professional fees	**20,040**	22,689
Promotion	**2,606**	2,279
Rent	**50,274**	48,240
Salaries, wages and benefits	**383,527**	386,050
Subscriptions	**6,365**	5,841
Travel and automotive	**1,170**	1,126
	592,669	611,436

See accompanying notes

BOARD OF DIRECTORS & STAFF

(at time of publication)

Board

John Clarkson (Chair)	*Science , Technology, Energy and Mines*
Rudy Redekop (Sec-Treasurer)	*Publishing/Printing Industry*
Neil Antymis	*Beverage Industry*
Keith McDougall	*Retail Sector*
Melvin Klassen	*Association of Manitoba Municipalities*
Randy Sigurdson	*Association of Manitoba Municipalities*
J. Dan McInnis	*City of Winnipeg*
Justin Sherwood	*Distributors*
Jim Ferguson	*Green Manitoba*
John Sinclair	*Consumers*

Staff

Jim Fogg	*General Manager*
Michael Fernandes	*Senior Manager, Municipal Programs*
Darryl Nicholson	*Steward Programs*
Gina Borkofski	*Municipal Systems Coordinator*
Liisa Stewart	*Administrative Assistant*

How This Report Was Made

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www.mpsc.com

mpsc Manitoba Product Stewardship Corporation

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